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Congress of the United States
House of Representatives

SELECT COMMITTEE ON THE CHINESE COMMUNIST PARTY
548 Cannon House Office Building
Washington, D.C. 20515
(202) 225-6002

May 2, 2023

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Mr. Qin Sun
President
Temu (WhaleCo, Inc.)
31 St. James Avenue, Suite 355
Boston, MA, 02116

Mr. Chen Lei
Chief Executive Officer
PDD Holdings Inc.
25 St Stephen's Green
Dublin, Ireland

Dear Mr. Qin and Chen,

On March 23, 2023, the House Select Committee on the Strategic Competition between the United States and the Chinese Communist Party (CCP) held a hearing entitled, “The Chinese Communist Party’s Ongoing Uyghur Genocide.” At the hearing, we heard first-hand witness accounts about the CCP’s concentration camps and expert testimony regarding the perpetration of genocide. We also received written testimony which revealed that Section 321 of the Tariff Act of 1930 may allow perpetrators of forced labor to circumvent U.S. laws prohibiting the importation of products produced in the Xinjiang Uyghur Autonomous Region (XUAR).¹ We are concerned that Temu’s use of Section 321 for shipments to the U.S. may provide insufficient customs scrutiny to affirm that its products are not produced in whole or part with forced labor.² We seek additional information regarding this matter.

Temu relies heavily on Section 321 of the Tariff Act of 1930—the *de minimis* provision—to ship products from China to U.S. consumers.³ The *de minimis* provision allows the admission of articles free of duty and of any tax imposed on importation so long as the fair retail value in the country of shipment of articles imported by one person on one day and exempted from the payment of duty shall not exceed \$800. Products processed under the *de minimis* provision receive limited U.S. Customs and Border Protection (CBP) scrutiny, making it impossible to verify the absence of forced labor.

¹ *The Chinese Communist Party’s Ongoing Uyghur Genocide*: Hearing before the Select Comm. on Strategic Competition between the U.S. and CCP, 118 Cong. (Mar. 23, 2023) (Written Testimony of Nury Turkel).

² Kenneth Rapoza, *How A U.S. Trade Loophole Called ‘De Minimis’ Is China’s ‘Free Trade Deal’*, FORBES (Feb. 19, 2023).

³ *Id.*

In December 2021, Congress passed the Uyghur Forced Labor Prevention Act (UFLPA), requiring CBP to take significant new action to prevent goods produced in the XUAR from entering U.S. markets. The UFLPA prohibits the “importation of any goods made with forced labor, including those goods mined, produced, or manufactured wholly or in part in the Xinjiang Uyghur Autonomous Region.”⁴ Congress passed the UFLPA—with bipartisan support—in response to the subjugation of Uyghurs and other minority groups in Xinjiang. The U.S. Department of State has determined that the CCP is committing genocide against these minority groups.⁵

Since the implementation of the UFLPA, CBP has scrutinized 3,237 shipments (with an estimated value of \$961 million) for suspected forced labor violations related to Xinjiang.⁶ Considering Temu’s numerous third-party sellers, lack of a clear sourcing or sustainability policy, and heavy reliance on Section 321 for imports, we are concerned that products produced in whole or part from Xinjiang with forced labor might be present in Temu’s supply chain.

In response to these concerns, we hope to understand Temu’s third party seller due diligence policies and use of the *de minimis* provision. We therefore request you respond to the following questions by May 16, 2023:

1. What measures does Temu have in place to make sure that goods it sells are compliant with the UFLPA?
2. Does Temu explicitly prohibit its third-party sellers from selling any product produced in whole or part from the XUAR? Please provide all policies, guidelines, requirements, reviews, assessments, analyses, audits, PowerPoint or other presentations, or other documents that describe, govern, implement, or report conduct, processes, or results (without regard to the title of a given document) that are relevant to the establishment of, implementation of, or failure to adhere to any such prohibition.
3. On average, how many shipments does Temu cause to enter the United States using the *de minimis* provision each day? How many of those shipments are scrutinized by CBP?
4. Does Temu use the consumer’s retail transaction price as the value declared to CBP? If not, please describe how Temu calculates the price declared to CBP.
5. If a U.S. consumer places an order over \$800, or multiple orders in a day with an accumulative value exceeding \$800, is Temu still able to fulfill the shipment using the *de minimis* provision?
6. Has Temu ever been challenged on a *de minimis* shipment valuation, whether by CBP or by any consignee handling the *de minimis* shipment?

⁴ Uyghur Forced Labor Prevention Act, H.R. 6256, 116th Cong. (2021).

⁵ Edward Wong & Chris Buckley, *U.S. Says China’s Repression of Uighurs Is ‘Genocide’*, N.Y. TIMES (July 27, 2021).

⁶ *Uyghur Forced Labor Prevention Act Statistics*, U.S. CUSTOMS AND BORDER PROTECTION (2023), available at www.cbp.gov/newsroom/stats/trade/uyghur-forced-labor-prevention-act-statistics.

7. How many third-party sellers does Temu contract with?
8. What is Temu's sourcing policy before a third-party seller lists on your marketplace? How often does Temu assess whether existing third-party sellers are compliant with its sourcing policy? Please provide all policies, guidelines, requirements, reviews, assessments, analyses, audits, PowerPoint or other presentations, or other documents that describe, govern, implement, or report conduct, processes, or results (without regard to the title of a given document) that are relevant to Temu's establishment of, enforcement of, or noncompliance with its sourcing policy.
9. How many assessments did Temu conduct of its suppliers in 2022? How many suppliers did not receive an on-site assessment in 2022?
10. How many of the assessments conducted in 2022 resulted in violations? How many of those violations were related to forced labor? What were the findings of those violations? Did Temu terminate contracts with violative manufacturing suppliers?

The House Select Committee on the Strategic Competition between the United States and the Chinese Communist Party has broad authority to "investigate and submit policy recommendations on the status of the Chinese Communist Party's economic, technological, and security progress and its competition with the United States" under H. Res. 11. Upon your receipt of this letter, please maintain and preserve all hard copy and electronic documents, including electronic communications, related to the subject matter of these questions.

To make arrangements to deliver a response, please contact Select Committee majority and minority staff at (202) 226-9678 and (202) 225-2489, respectively.

Thank you for your attention to this important matter and prompt reply.

Sincerely,



Mike Gallagher
Chairman



Raja Krishnamoorthi
Ranking Member